

Message Text

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ACTION COME-00

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-11 ISO-00 EB-11

SS-20 DRC-01 /106 W

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R 140815Z FEB 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2958

AMEMBASSY BRUSSELS

INFO AMEMBASSY BOGOTA

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY TEHRAN

UNCLAS SECTION 1 OF 2 THE HAGUE 0789

PASS COMMERCE FOR BIC (RENNERT, BARRETT AND LEON) BRUSSELS
FOR ROD GRANT

E.O. 11652: N/A

TAGS: BEXP, NL

SUBJ: SECOND QUARTER CCP EVALUATION

REF: STATE 17976

1. EMBASSY CCP REVIEW COMMITTEE MET JAN 30 UNDER CHAIRMANSHIP OF AMBASSADOR GOULD TO REVIEW PROGRESS TO DATE UNDER FY 74 PILOT CCP, TO EVALUATE COST-EFFECTIVENESS OF 12 CAMPAIGNS, AND TO REACH TENTATIVE RECOMMENDATIONS ON WHICH, IF ANY, OF THESE 12 SHOULD BE CARRIED FORWARD INTO FY 75. THESE RECOMMENDATIONS WERE REFLECTED IN TENTATIVE LIST OF FY 75 CAMPAIGNS SUBMITTED AS HAGUE 0576.

2. REVIEW DID NOT RPT NOT COVER WORK OF ECON/COM'L SECTION OFFICERS AND STAFF ON TASKS UNRELATED TO 12 CAMPAIGNS, ALTHOUGH SUCH ACTIVITIES CONSUMED ROUGHLY 12 OF 27 MAN-YEARS AVAILABLE TO OUR THREE DUTCH POSTS IN TERMS OF E/C PERSONNEL. THIS NON-CAMPAIGN WORKLOAD INCLUDES MOST OF OUR ECONOMIC WORK, WASHINGTON-INITIATED TRADE EVENTS UNRELATED TO OUR CAMPAIGNS,
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TARGETS OF OPPORTUNITY SEIZED ON HERE, MOST OF OUR TRADE LETTER,

COMMERCIAL VISITOR, AND TRADE CONTACT WORK (I.E. "ANSWERING THE MAIL") AND ABOUT ONE MAN-YEAR OF WORK ON ASSIGNED TASKS ENTIRELY UNRELATED TO E/C FIELD, SUCH AS NARCOTICS, CODELS, ETC. WE DID NOT REVIEW IT BECAUSE WE DID NOT PLAN IT AND HAVE NO REAL OPTIONS TO ITS CONTINUED PERFORMANCE. SOME OF IT CONTRIBUTES SIGNIFICANTLY TO OUR BROADER CCP OBJECTIVES, BUT IT CANNOT BE SUBJECTED TO THE DISCIPLINE OF OUR OWN SELF-DEvised PRIORITIES.

3. FOR THE FIRST TIME IN THIS PILOT EXERCISE WE ATTEMPTED TO FIX ANNUAL PRICE TAG TO EACH CAMPAIGN. WE DID THIS IN A RATHER ROUGH AND READY FASHION BY (1) BREAKING OUT OF POST S&E, SHARED, FBO AND REPRESENTATION BUDGETS ALL AMOUNTS (TOTAL WAS \$601,650) REASONABLY CHARGEABLE TO OUR E/C OPERATION (THIS INCLUDES ALL OBVIOUS LINE ITEMS PLUS PRO RATA SHARE OF GENERAL MISSION OVERHEAD AND SUCH INDIRECT COSTS AS EDUCATION ALLOWANCES FOR E/C OFFICERS), (2) SUBTRACTING OUT 12 27THS OF TOTAL PERSONNEL COSTS AS UNATTRIBUTABLE TO CAMPAIGNS, (3) DIVIDING REMAINDER AMONG 12 CAMPAIGNS ON BASIS OF ACTUAL CASH OUTLAYS PLUS OVERHEAD PRO-RATED BY PERSONNEL INPUTS TO EACH CAMPAIGN.

4. WE DID NOT INCLUDE IN OUR ANNUAL PRICE TAGS THE VERY CONSIDERABLE EXPENDITURE OF MAN-HOURS ON OUR CAMPAIGNS BY NON-E/C PERSONNEL FROM AMBASSADOR GOULD ON DOWN. WE FOUND IT UNFEASIBLE TO PUT A PRICE ON THESE INPUTS IN THE TIME WE HAD AVAILABLE. AS RESULT REAL COST TO MISSION OF SOME CAMPAIGNS IS UNDERSTATED. TOTAL COST TO GOVERNMENT IS FURTHER UNDERSTATED BECAUSE WE COULD NOT QUANTITY WASHINGTON EXPENDITURES ON OUR CAMPAIGN ACTIVITIES (PTO DISSEMINATION, ETC.). IF WASHINGTON WISHES TO CONSTRUCT CREDIBLE INPUT/OUTPUT MATRICES ON COMMERCIAL PROGRAM, ALL OF ABOVE PROBLEMS MUST BE MORE SCIENTIFICALLY ADDRESSED.

5. REAL PROBLEM, HOWEVER, IS THAT EVEN IF WE COULD MEASURE WHAT WE PUT INTO EACH CAMPAIGN WE CANNOT HONESTLY MEASURE WHAT COMES OUT. TO EVALUATE EFFECTIVENESS OF FY 74 CAMPAIGN ON BASIS OF FY 73 STATISTICS (USUALLY LATEST AVAILABLE) MAKES NO SENSE AT ALL. BY THE TIME ANY TARGET INDUSTRY CAMPAIGN BEGINS TO SHOW STATISTICAL IMPACT (ALSO EXTREMELY DIFFICULT TO IDENTIFY) IT WILL PROBABLY HAVE BEEN TERMINATED AND REPLACED

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BY ANOTHER. THE TIME FOR DECISION WILL HAVE PASSED. IN OUR VIEW THE ONLY FEATURES OF CCP THAT ARE WORTHWHILE ATTEMPTING TO EVALUATE IN STATISTICAL TERMS ARE BROADER AND RECURRING PROGRAMS SUCH AS EXPORT PROMOTION AS A WHOLE, REVERSE INVESTMENT AND TRAVEL USA, PLUS TRADE EVENTS THAT GENERATE IMMEDIATE OR IMPENDING SALES. THAT IS RARELY THE CASE WITH ROUTINE TRADE CONTACT WORK ON SPECIFIC TARGET INDUSTRIES, HOWEVER AGGRESSIVELY CONDUCTED.

6. WITH ABOVE LIMITATIONS FIRMLY IN MIND, REVIEW COMMITTEE RECEIVED FOLLOWING DATA ON CAMPAIGN PROGRESS IN SECOND QUARTER OF FY 74 AND MADE RECOMMENDATIONS INDICATED.

CAMPAIGN #1: COMPUTERS AND RELATED EQUIPMENT:

EMBASSY COST: \$18,300. MAJOR OBJECTIVE: RAISE US SALES BY \$10 MILLION. RESULT: ESTIMATED 1973 SALES UP \$18 MILLION TO \$70 MILLION. COMMENT: SOFTWARE TRADE MISSION IN JUNE AND FRANKFURT TC MINICOMPUTER SHOW IN DECEMBER PROVIDE SCOPE FOR FURTHER USEFUL WORK. RECOMMENDATION: CONTINUE CAMPAIGN AT LEAST UNTIL DEC 74, BUT REDUCE TIME INPUT.

CAMPAIGN #2: PRINTING AND RELATED INDUSTRY EQUIPMENT.

EMBASSY COST: \$2,800. MAJOR OBJECTIVE: RAISE US SALES BY \$10 MILLION. RESULT: ESTIMATED 73 SALES UP \$2.8 MILLION TO \$7.7 MILLION. COMMENT: ALTHOUGH THERE IS SOME SCOPE FOR FURTHER WORK ON COMPUTERIZED TYPE-SETTING EQUIPMENT, OVERALL MARKET IS WEAK. RECOMMENDATION: TEST MARKET INTEREST BY PROMOTING DUTCH ATTENDANCE AT RELATED USTC FRANKFURT SHOW THIS SPRING AND AT PRINT 74 IN CHICAGO NEXT NOVEMBER; IF RESPONSE IS WEAK TERMINATE CAMPAIGN.

CAMPAIGN #3: PRODUCTION AND TEST EQUIPMENT FOR ELECTRONICS INDUSTRY

EMBASSY COST: \$3,440. MAJOR OBJECTIVE: RAISE US SALES BY \$10 MILLION. RESULTS UNMEASURABLE BECAUSE USDOC HAS NOT YET DEFINED PARAMETERS OF INDUSTRY IN TERMS OF SIC NUMBERS. COMMENT: STRENGTH OF BOTH SELLER AND BUYER INTEREST EVIDENCED BY SUCCESSFUL OUTCOME OF ABDD (SEP 28) AT HET INSTTUMENT SHOW. RECOMMENDATION: COMBINE THIS CAMPAIGN WITH TWO OTHERS WHICH UNCLASSIFIED

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HAVE OVERLAPPING DISTRIBUTOR UNIVERSE AND CONTINUE IN FY 75. IMPROVE MARKET RESEARCH AND GET SCOPE PROPERLY DEFINED.

CAMPAIGN #4: MATERIALS HANDLING EQUIPMENT.

EMBASSY COST: \$3,520. MAJOR OBJECTIVE: RAISE US SALES BY \$10 MILLION. RESULT: ACTUAL SALES UP NEARLY \$5 MILLION OVER FIRST EIGHT MONTHS OF 73. MANAGER (SUPPORTED BY USDOC) IS SENDING ADS SOLICITATION LETTER TO 1350 US MANUFACTURERS NOT REPRESENTED HERE. COMMENT: MAIN US SUPPLIERS OF PORT AND WAREHOUSE EQUIPMENT ARE WELL ENTRENCHED BUT THERE MAY BE SCOPE FOR INDUSTRIAL MATERIALS HANDLING SYSTEMS. RECOMMENDATION: RESERVE JUDGMENT PENDING OUTCOME OF ADS SOLICITATION.

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CAMPAIGN #5: HEALTH CARE INDUSTRIES EQUIPMENT AND INSTRUMENTATION. EMBASSY COST : \$1,500. MAJOR OBJECTIVE: GENERATE 20 ETO'S. GENERATED SINCE JULY 1: 4 ETO'S. COMMENT: THIS HAS BEEN DISAPPOINTING CAMPAIGN AS MAIN CUSTOMER (MINISTRY OF HEALTH) HAS UNUSUALLY TIGHT BUDGET. HIGHLY SOPHISTICATED EQUIPMENT IS IN DEMAND BUT MOST US SUPPLIERS ALREADY WELL REPRESENTED. US MARKET SHARE RISING SLIGHTLY (TO 19 PERCENT) BUT ELECTRO-MEDICAL PRODUCTS HAVING DIFFICULTY IN MEETING TOUGH GON SAFETY STANDARDS. RECOMMENDATION: PHASE OUT BY JUNE 74.

CAMPAIGN #6: ENVIRONMENTAL CONTROL INSTRUMENTATION AND EQUIPMENT. EMBASSY COST \$8,100. MAJOR OBJECTIVE: RAISE US SALES BY \$50 MILLION. RESULTS: SALES UP LESS THAN \$1 MILLION IN JAN-AUG 73 PERIOD. COMMENT: THIS CAMPAIGN HAS HAD VERY DISAPPOINTING RESULTS SO FAR BUT FUTURE PROSPECTS REMAIN BRIGHT. DIFFICULTY IN DEFINING IMPORT UNIVERSE AND LACK OF CORRESPONDING CAMPAIGN AT WASHINGTON END HAVE BEEN DISADVANTAGES. MAIN PROBLEM, HOWEVER, HAS BEEN DELAY IN ESTABLISHMENT BY GON OF PRECISE POLLUTION STANDARDS. RESPONSE TO EMBASSY-INITIATED PROMOTIONAL EVENTS HAS BEEN GOOD. RECOMMENDATION: CONTINUE IN FY 75, CONCENTRATING PROMOTIONAL EFFORT ON END-USERS (I.E. BIG POLLUTERS) RATHER THAN

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DISTRIBUTORS. TAKE STEPS TO GET ADVANCE NEWS OF STANDARDS BEFORE PROMULGATION.

CAMPAIGN #7: INSTORE PROMOTION/CONSUMER GOODS. EMBASSY COST: \$4,700.

MAJOR OBJECTIVE: ONE PROMOTION IN SPRING 74. RESULT: NO AGREEMENT ON ANY PROMOTION. COMMENT: THIS CAMPAIGN HAS FOUNDERED ON DISINTEREST AND/OR VACILLATION FROM MAJOR RETAIL CHAINS. PROSPECTS DIMMED BY STRONGER DOLLAR. RECOMMENDATIONS: HAVE ONE MORE TRY AT MAJOR CHAINS. IF RESPONSE NEGATIVE PUT CAMPAIGN ON BACK BURNER AND CONCENTRATE ON BRINGING MAJOR US CONSUMER GOODS EXPORT HOUSES IN CONTACT WITH SMALLER DUTCH RETAILERS. EXAMINE POSSIBILITY OF CHARTER FLIGHTS TO US TRADE SHOWS IN SUCH FIELDS AS TOYS AND CHILDREN'S CLOTHING.

CAMPAIGN #8: MAJOR PROJECTS. EMBASSY COST: \$5,000. MAJOR OBJECTIVE: REPORT TO WASHINGTON ON 50 PROJECTS. RESULTS TO DATE: 21 PROJECTS REPORTED ON. COMMENT: THIS CAMPAIGN IS DIFFICULT TO TARGET RATIONALLY BUT IS WELL SUITED TO CAMPAIGN APPROACH, I.E. SINGLE MANAGER COORDINATING MISSION-WIDE EFFORT TO IDENTIFY PROJECTS AT EARLY STAGE. THERE IS CONSIDERABLE SCOPE FOR CONTINUOUS EFFORT IN SUCH FIELDS AS NUCLEAR POWER, MASS TRANSPORTATION AND TELECOMMUNICATIONS. RECOMMENDATION: KEEP GOING. TRY TO ENLIST COOPERATION OF LOCALLY BASED US FIRMS OF CONSULTING ENGINEERS.

CAMPAIGN #9. MILITARY SALES. EMBASSY COST: (E/C PERSONNEL ONLY) \$1,150. OBJECTIVES: SECURE ORDERS ON 8 DIFFERENT CATEGORIES OF MILITARY HARDWARE, PARTICULARLY AIR SUPERIORITY FIGHTER AND LONG-RANGE MARITIME PATROL AIRCRAFT. RESULTS:

PRELIMINARY COMMITMENTS ON EQUIPMENT WORTH \$358 MILLION. COMMENT: ROLE OF E/C PERSONNEL IN THIS CAMPAIGN IS MARGINAL. RECOMMENDATION: CONTINUE TO ASSIST MAAG IN EVERY POSSIBLE WAY.

CAMPAIGN #10: REVERSE DIRECT INVESTMENT. EMBASSY COST: \$4,900. MAJOR OBJECTIVE: INFLUENCE INVESTMENT DECISIONS INVOLVING AT LEAST \$10 MILLION. RESULTS SO FAR: AT LEAST ONE PROJECT ATTRIBUTABLE TO EMBASSY EFFORTS WORTH \$7 MILLION. COMMENT: REVERSE INVESTMENT SEMINARS IN ROTTERDAM AND AMSTER-

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DAM JOINTLY SPONSORED BY USG AND COMMERCIAL BANKS HAVE BUILT ON KEEN DUTCH INTEREST ARISING FROM CHEAPER DOLLAR AND RISING PRODUCTION COSTS IN EUROPE. POTENTIAL ADVANTAGES OF INVESTING

IN US ARE NOW SO WELL APPRECIATED IN DUTCH INDUSTRY THAT AGRES-
SIVE USG PROMOTIONAL CAMPAIGN IS NO LONGER NEEDED.
RECOMMENDATION: CEASE ACTIVE CAMPAIGNING BUT EXPLOIT PROMO-
TIONAL OPPORTUNITIES AS THEY ARISE.

CAMPAIGN #11: REVERSE PORTFOLIO INVESTMENT.
EMBASSY COST: \$2,500. OBJECTIVE: INCREASE DUTCH PORTFOLIO
INVESTMENT IN US BY \$500 MILLION. RESULT TO DATE: NET
INVESTMENT UP \$302 MILLION IN JULY-SEPT 73. COMMENT: THIS
LOW KEY CAMPAIGN AIMS AT BRINGING MAJOR DUTCH PORTFOLIO
INVESTORS TOGETHER WITH VISITING AMERICAN FINANCIAL ANALYSTS
OF HIGH RANK IN ROUND TABLE DISCUSSI*^N. ONE SUCH MEETING
THUS FAR IN FY 74. POSSIBILITY OF "ELECTRONIC DIALOGUE" IS
UNDE STUDY. WE ARE ALSO EXPANDING PARAMETERS TO INCLUDE
CORPORATE INVESTMENT IN US REAL PROPERTY. RECOMMENDATION. FULL
SPEED AHEAD WITH EMPHASIS ON REAL ESTATE THEME.

CAMPAIGN #12. TRAVEL USA.
EMBASSY COST: \$31,250. MAJOR OBJECTIVE. ACHIEVE TOTAL OF
80,000 DUTCH VISITORS TO US. RESULTS TO DATE: 72,000 TRAVEL-
ERS IN YEAR ENDED OCT 31 (UP 10,500 FROM PREVIOUS). COM-
MENT: THIS IS OUR BIGGEST SINGLE CAMPAIGN. MAJOR ACCOMPLISH-
MENTS INCLUDE ORGANIZATION OF US TRAVEL FIRMS INTO PERMANENT
PROMOTIONAL COMMITTEE, MOUNTING OF 3 "VISIT USA WORKSHOPS",
ESTABLISHMENT OF TOURIST INFORMATION OFFICE IN EMBASSY STAFFED
BY WOMEN VOLUNTEERS, AND SUCCESSFUL PR CAMPAIGN IN PRESS AND
RADIO. TRAVEL NEWSLETTER BEING DEVELOPED. TARGET OF 80,000
SHOULD BE EXCEEDED. RECOMMENDATION: CONTINUE CAMPAIGN
ALONG PRESENT LINES.
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Message Attributes

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